

DRAFT MEETING SUMMARY (v.0)

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**HANFORD ADVISORY BOARD
JOINT MEETING OF THE
TANK WASTE & BUDGETS AND CONTRACTS COMMITTEES
May 16, 2001
Richland, WA**

Topics in this Meeting Summary

Supplemental Environmental Impact Statement (EIS)	1
Contract Baseline Work	2
Letter Regarding EM Secretary's Review	5
Contract Advice	6
Handouts	6
Attendees	7

<i>This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.</i>

Committee Business

The meeting was co-chaired by Harold Heacock, chair of the Budgets and Contracts (BAC) Committee, and Leon Swenson, chair of the Tank Waste (TW) Committee. After introductions, the Tank Waste Committee approved its April meeting summary.

Supplemental Environmental Impact Statement (EIS)

Issue Manager Doug Huston reported that the U.S. Department of Energy – Office of River Protection (DOE-ORP) is performing a Supplemental EIS on its tanks. There have been some changes in the baseline in locations in the 200 Area and to increase the area for the baseline. DOE-ORP plans to change the final waste form from small glass balls to big ones, and low activity waste will be stored in the ground instead of vaults. After vitrification, waste will be put into shallow trenches rather than vaults, thus reducing protection and making the waste less retrievable. There will also be a delay in starting processing, and the potential for building new double shell tanks (DST) at the beginning of 2002 for better interim storage.

Committee discussion

- Will the committee get a chance to see the performance assessment on this EIS? A DOE-ORP staff member answered that the comment system is still internal to DOE.

- Is the contract with Bechtel and baseline changing? Steve Wiegman, DOE-ORP answered that the contract will be aligned with current processes and baseline with NEPA processes.
- What is the schedule? Mr. Huston answered that a preliminary draft EIS will be released in December. There will be a public comment period through February, and the final EIS will be released in May 2002 for public comment. The EIS will be issued in June and the Record of Decision (ROD) will be made in mid-summer next year.
- This EIS was originally a joint EIS with the Washington State Department of Ecology (Ecology); does Ecology have a role? DOE-ORP staff responded that it is just DOE-ORP now; Ecology chose not to be involved. Ecology staff present could not answer why, but agreed to find out.
- Will the cost of project increases be updated as well? No, NEPA does not take into account costs.
- A committee member commented that it would be nice if the EIS were opened up so that every time the baseline changes it would not be necessary to do another EIS. Steve Wiegman, DOE-ORP, commented that the EIS stated that low activity waste would be stored, not disposed. Now DOE-ORP is trying to do a disposal permit from the Resource Conservation Recovery Act (RCRA), so DOE-ORP wanted an update to reflect that.
- Does the change in waste form impact design of the vitrification facility? Yes, probably.

Mr. Wiegman added that another big difference is that the way the trench will be operated is more straightforward. The vaults were not designed for lowering big things into them; from a safety perspective the vaults were less useful.

Mr. Huston promised to keep the committee informed. He will get the performance assessment and continue to monitor the issue.

Contract Baseline Work

Denny Newland, issue manager for the CH2MHill contract updated the committees on this issue. He reported that DOE-ORP could not answer his questions earlier this week; it will likely present the committees with a high-level presentation like the one it gave Ecology.

A committee member expressed dismay that DOE-ORP was not going to share detailed budget information despite having made submissions to DOE-Headquarters. Concern was also expressed about the chaotic entry into FY 2002 and it was questioned whether the committee should devote time on its agenda to an issue it can do nothing about. He reminded the committee that this same situation occurred ten years ago – it takes about a year before the new administration trusts existing procedures and during that time all cleanup efforts get delayed. He urged the committee to translate that wasted time into missed Tri-Party Agreement (TPA) milestones and wasted money. Another committee member suggested the committee develop advice to educate Congress about the importance and severity of cleanup issues at Hanford.

Committee members agreed that despite their frustration, they should listen to the information that DOE-ORP is able to share. Even if the TPA impacts are not explicitly spelled out, they could draw their own conclusions from the available information.

DOE-ORP Presentation

Steve Wiegman, DOE-ORP, distributed a copy of his presentation, which he said would be sent by DOE-ORP to DOE-HQ the next day. He focused on the 2003 budget because that is what will be submitted tomorrow, although he acknowledged that everything is influenced by the 2002 budget.

DOE-ORP has not modified the baseline for the project because the 2002 budget is not fixed and will not be until later. A small group is working on the 2002 budget. The Project Breakdown Structure (PBS) has been changed to allocate precisely to how work is done.

DOE-HQ requested that DOE-ORP prepare four budget scenarios: 1) The target case, 2) one version of flat funding, 3) stable funding at the 2001 funding level (which DOE-ORP will not even address since that would be a major departure for the project), and 4) the actual proposal they will submit, in which the 2003 budget request recovers disruptions caused by the 2002 budget.

Mr. Wiegman outlined the priorities used to minimize the impacts to safe execution of the project. He pointed out that the waste treatment plant schedule drives other schedules. If there were a change in the Bechtel schedule for the vitrification facility, the delivery schedule would be adjusted for CH2MHill so the total project would remain on an integrated schedule.

After describing funding allocations for FY 2002 and the other four FY 2003 scenarios, Mr. Wiegman described near term impacts on Tank Waste Characterization – both what can be done and what would be a challenge.

Regarding Tank Farm Operations, under all cases except “Contract” and the “FY 2003 preliminary request,” the principle request is for tank farm upgrades. DOE-ORP could perform basic activities but would have problems with upgrades needed for compliance. Under Tank Waste Retrieval work, there would be serious challenges in the Single Shell Tanks (SST) area, especially in later support of the vitrification plant.

Committee Discussion

- What does challenge mean? It means DOE-ORP “would have to find efficiencies it is currently not aware of in order to do the work.” (Challenge work is either not funded or is delayed.)
- When will you have an integrated analysis based on funding levels from DOE-HQ showing the impact on TPA milestones? Mr. Wiegman answered that as soon as

Harry Boston receives an indication of a firm budget number, he will request the DOE-ORP budget group to evaluate the next level of detail. This will probably happen mid-July.

- When will you have an idea of the impact on the Bechtel contract? Right now Bechtel isn't knowledgeable enough to know the difference between the two budget scenarios. Ron Naventi of Bechtel answered that Bechtel does not know the impact on a summary level, just at the baseline level. He added that flat funding of \$500 million makes everything slip by about 4 years.
- A committee member expressed anger about delays and asked how DOE-ORP can respond to the President's budget and its impacts without having done an evaluation of the integrated life cycle impacts. Mr. Wiegman responded that DOE-ORP is trying to minimize the effects of the delays, but it is a "Catch-22" situation, because no one has adequate information right now.
- Isn't it true that current financial changes and delays are changing the contract from what was signed? Yes.
- Under each of the budget scenarios, isn't the planned 2002 construction start for the vitrification plant in jeopardy? Mr. Wiegman agreed that this was a very serious issue. Peter Furlong, DOE-ORP added that this presentation is an analysis, not where it expects to be in 2002 or 2003. So far BNI and CHG have been told to plan for full funding. It is DOE-ORP's expectation that regulators also work to current baselines until the baselines change, otherwise there is a duplication of cost and inefficiencies.
- A committee member pointed out that the other side of that is concern that if we learn that funding is much less in July then that harms the workforce.
- A Bechtel employee said that the \$500 million funding scenario slows down construction, which will affect how much is spent in 2002 and 2003, but construction won't actually stop. Bechtel still plans to stay on schedule, but there will be impacts in 2003, 2004, and 2005.

Mr. Wiegman continued with the presentation. The funding decrease from \$89 to \$40 million for Management Support impacts a lot of non-management activities, including site services, CH2MHill's profit and management, and utilities. It also hurts Environmental Safety & Health and regulatory support. Increases in electricity rates would be absorbed in this category.

Mr. Wiegman described the proposed new PBS Structure, which will remain the same but be reallocated to a new structure. The total request will be approximately \$1.5 billion. Next, Mr. Wiegman described the existing contracts and sharing agreements DOE-ORP has with CH2MHill and Bechtel – these agreements could be at risk if the contracts are not funded at the agreed level.

- What would you do in 2001 in anticipation of the 2002 budget? Mr. Wiegman answered that DOE-ORP will make no changes in baseline or activities until it has a firmer indication that the proposed 2002 budgets numbers are real, which it hopefully will know by mid-summer.

Mr. Wiegman explained the graph titled “Project delivery for reduced costs.” CH2MHill is incentivized to achieve efficiencies. The agreement has funding less than baseline, giving the contractor the opportunity to earn additional fee. Then he described the agreement DOE-ORP has with Bechtel: the target cost was agreed upon and if Bechtel spends less than the target cost, they will have the opportunity to earn 20 cents on every dollar they save. Taxpayers get 80 cents for every dollar Bechtel saves. In the “Changes” clause in both contracts, if DOE-ORP significantly deviates from the agreement, then some sort of change would have to be renegotiated. Mr. Wiegman emphasized that these two contracts go a long way to implementing contract reform if they can be kept intact.

Regulator Response

Washington Department of Ecology (Ecology)

Joy Turner, Ecology, distributed a letter comprising Ecology’s comments both to DOE-RL and DOE-ORP. Ecology received briefings on the budget from both offices on May 3rd and is very disappointed by the budget, which does not meet TPA commitments. Ecology is also concerned about the 2012 initiative and whether there is support for it from DOE-HQ. The letter states that Ecology will look at all its enforcement options if the proposed budget goes forward.

Melinda Brown, Ecology, addressed TPA milestones that are in jeopardy because of the proposed budget. She identified a series of delays relating to the waste treatment plant, the ILAW facility, necessary upgrades to the fifth tank farm, and new RCRA groundwater monitoring wells.

- The committee requested Ecology distribute this information to them in writing. Ecology representatives thought they could have something available after May 17th.
- What is Ecology going to do in legal action? Are any enforcement actions planned? Ms. Turner answered that Ecology is looking at its tools and trying to decide.
- The committee discussed advising Ecology to sue, noting that the HAB cannot take legal action. Committee members expressed frustration with past threats that never resulted in action.
- Is Ecology aware of the nation’s attorneys general taking any action against DOE? Ms. Turner answered that she did not know exactly what they were doing, but that she understood them to be doing something.

Washington State Department of Health (DOH)

Al Conklin, DOH, reported that DOH has agreed to work with DOE-ORP to put priority on getting the vitrification plant started. He pointed out that the approval permit to begin construction in 2002 is only good for a short time before the license expires.

Letter Regarding EM Secretary’s Review

HAB Chair Todd Martin distributed a copy of a letter he drafted and proposes to send on behalf of the HAB. During the previous Executive Issues Committee conference call, participants decided that the HAB should write a letter offering to assist in the Energy

Secretary's Top-to-Bottom review. Mr. Martin is asking all committees for feedback and modifications so the letter may be adopted at the June HAB meeting; the Top-to-Bottom review is quietly happening now, so this is a timely issue.

Contract Advice

Harold Heacock reported that at the previous day's joint meeting of the River and Plateau and Budgets and Contracts Committees, Gerry Pollet presented a lengthy draft of contract principles advice. Mr. Pollet agreed to revised the advice and distribute it for consensus of the Budgets and Contracts committee for the June HAB meeting.

Mr. Heacock then summarized the budgets advice that was initially developed at the previous day's joint meeting of the River and Plateau and Budgets and Contracts Committees. The committee discussed including examples of impacts to DOE-ORP in the advice, such as continued delay of the vitrification plant and the viability of the tanks. Denny Newland volunteered to integrate the different parts of the advice.

Committee members agreed the advice should include a high level overview and then list three to five persuasive examples of why the budget is inadequate. People also suggested mentioning the chaotic entrance into FY 2002 and the related delays in activity and costs that will result from inadequate staffing and training. Members also suggested pointing out that further delays will not only cost the site what is at stake now but also all the money since 1989.

Handouts

- Tank Waste/Budgets and Contracts Committees (Joint Meeting) Draft Meeting Agenda, May 16, 2001
 - Hanford Advisory Board Statement of Principles, Prepared for and presented to Carolyn Huntoon, Assistant Secretary of Energy for Environmental Management, September 20, 1999
 - Jim Hagar's Draft Budget Advice, beginning "With well over 100 millions..." May 16, 2001
 - Budgets Advice – Outline and Other Issues, from the May 15, 2001 Joint meeting of the River and Plateau and Budgets and Contracts Committees
 - Draft Advice for Hanford Advisory Board, "Budget is Legally Inadequate for Groundwater Protection and Remediation," May 2001
 - Draft Consensus Advice from HSEP Committee Regarding the HAMMER training facility, May 15, 2001
 - Draft for Finance, Contract Management Committee, Draft Advice on Principles for New and Existing Contracts for Hanford Cleanup, Draft by Gerry Pollet, Based on flip charts with consensus principles and meeting notes from Feb. and March committee meetings
 - Letter from John Savage, Oregon Office of Energy, to Spencer Abraham, Secretary of Energy, Regarding Review of Environmental Management Priorities, May 14, 2001
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- Letter to All HAB Committees from Todd Martin regarding EM Top-to-Bottom Review, May 14, 2001
- Environmental Management Cleanup Assessment, May 16, 2001
- Letter from Spencer Abraham to Governor Gary Locke, April 4, 2001
- Letter from Tom Fitzsimmons to Spencer Abraham, April 24, 2001
- Letter from Mike Wilson to Harry Boston and Keith Klein, May 14, 2001
- Tank Farm Supplemental Environmental Impact Statement, May 16, 2001
- DOE-ORP's FY 2003 Budget Formulation Presentation to Hanford Advisory Board, May 16, 2001
- DOE-ORP's "Project Delivery for Reduced Costs" graph, May 16, 2001
- DOE-ORP's "Target Cost and Incentive Fee Parameter Values Supplied with Bechtel's Proposal (Comparison to RFP Target Cost Estimate), May 16, 2001

Attendees

HAB Members and Alternates

Ken Bracken	Pam Brown	James Cochran
Al Conklin	Harold Heacock	Doug Huston
Dave Johnson	Charles Kilbury	Paige Knight
Jeff Luke	Todd Martin	Denny Newland
Maynard Plahuta	Gerry Pollet	Joe Richards
Gordon Rogers	Dave Rowland	Leon Swenson
Amber Waldref		

Others

K. Michael Thompson, DOE-RL	Melinda Brown, Ecology	Nancy Myers, BHI
Pete Furlong, DOE-ORP	Tim Hill, Ecology	Suzanne Heaston, BNI
Al Hawkins, DOE-ORP	Joy Turner, Ecology	Carolyn Haass, CHG
Gregory Jones, DOE-ORP	Nancy Uziemblo, Ecology	Mike Payne, CHG
Gae Neath, DOE-ORP		Christina Richmond, EnviroIssues
T. Erik Olds, DOE-ORP		Susan Wright, EnviroIssues
Jim Rasmussen, DOE-ORP		Skip Heinemeyer, FH
		Barb Wise, FH
		Michael Harker, Jacobs Engineering
		Chris Chamberlain, Nuvotec
		Peter Bengston, PNNL
		Les Davenport, Public
		John Stang, Tri-City Herald